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State Department review

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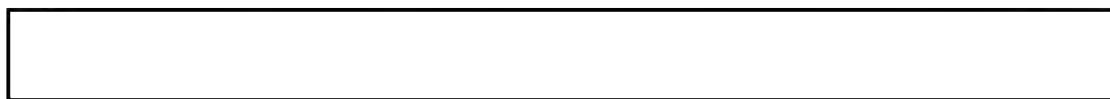
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[North Vietnam: Hanoi has received its first substantial offer of reconstruction assistance from a free world country.

Sweden announced a \$40-million aid grant for a three-year period on 30 September. The grant is probably a part of the proposed NORDIC Plan for aid to both Vietnams in the postwar period, and the announcement comes while a North Vietnamese delegation is on tour of the Scandinavian countries.

Hanoi will probably move immediately to accept delivery of needed commodities such as fertilizers, medicines, and consumer goods, but may delay the start of construction projects. Some Hanoi spokesmen have expressed a reluctance to negotiate aid projects with free world countries while the war in the South continues.

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USSR - Communist China: There are signs that the USSR and China will hold discussions aimed at alleviating their serious border problems.

A direct hint of this was reported yesterday by the head of the Japanese labor union federation Sohyo, who is visiting Moscow. He informed Japanese reporters that politburo member Shelepin told him the Chinese attitude toward border problems during the Kosygin-Chou meeting "seemed to be positive." Shelepin said he expected talks to be held. This is in line with earlier speculation from Moscow that some tentative agreement to talk was reached at the meeting.

There have been no equivalent rumors from Peking. A national day editorial which was released in Peking yesterday referred to China's desire to settle border disputes through negotiations. Although this merely reiterates China's official position on border problems, its timing could be another indicator that talks are in prospect.

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Morocco-Mauritania: King Hassan is moving toward recognition of Mauritania, despite the long-standing public opposition of the nationalist Istiqlal Party.

Hassan not only considers Moroccan claims to Mauritania unrealistic; he also thinks they block Rabat's more immediate claims to Spanish Sahara. As soon as Morocco became independent in 1956, however, the Istiqlal Party president laid claim to Mauritania. He was subsequently supported by the late King Mahamed V. At last week's Islamic Summit Hassan undercut the Istiqlal and granted de facto recognition to Mauritania by inviting Mauritanian President Ould Daddah to be present.

A meeting of Hassan, Ould Daddah, and Algerian Premier Boumediene at the close of the summit provided an opportunity for a further move toward reaching a Moroccan-Mauritanian rapprochement and Maghrebian solidarity. The three leaders may also have discussed the future status of Spanish Sahara, which both Morocco and Mauritania claim and in which Algeria professes to have an "interest." 25X1

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Panama: The government-controlled press is beginning to focus more attention on the canal issue.

Coverage of Foreign Minister Pitty's UN speech on 27 September dealt almost exclusively with his remarks concerning the canal. The government's determination to have the "unjust" 1903 treaty abrogated was particularly stressed.

The US Embassy in Panama suggests that the military government may have decided to use the canal issue in an attempt to gain popular support. A knowledgeable Panamanian source has said that for political reasons the government will probably characterize the 1967 draft treaty as a giveaway negotiated by the corrupt oligarchy. It will then attempt to rally support for its effort to renegotiate the treaty with the US.

Earlier this month the government appointed a three-man "advisory" team to work on matters related to the canal. The growing preoccupation with the treaty issue suggests that additional concessions may be sought in a new round of talks. Further evidence of Panama's intentions may come during the celebration of the first anniversary of the military coup on 11 October.

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Ghana: Accra's second experiment with parliamentary democracy begins today with the formal turnover of power to Prime Minister Busia, whose party overwhelmed the opposition in the parliamentary elections in August. Busia, formerly a professor, will now have to deal with Ghana's tough economic problems in order to maintain stability. In addition, he will have to overcome divisions within his party and restrain its more vindictive members. Some opposition supporters have already been dealt with; two senior police officers were forced to resign and two foreign businessmen have been ordered out of the country for allegedly financing the losers.

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Brazil: Thirteen of the 15 Brazilian prisoners who were exchanged for US Ambassador Elbrick have decided to leave asylum in Mexico and go to Cuba. Several of them have said that they plan to continue their struggle against "dictatorship, imperialism, and all forms of economic exploitation and political repression." They probably believe Cuba will give them some type of financial or other assistance and help them to return to Brazil. Most of them have links with dissident Communist Carlos Marighella, the leader of the most effective terrorist organization in Brazil. A number of Marighella's followers have received guerrilla training in Cuba, and his organization may also have received arms and other types of assistance from Havana.

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Peru-USSR: The Velasco government and the Soviet Union yesterday announced the ratification of a two-year trade agreement. The agreement, signed in Lima last February, calls for Peru to export fish-meal and basic agricultural and mineral products to the USSR. The Soviets in turn will provide agricultural and road building machinery and technical assistance. A Soviet technical mission is scheduled to arrive in Peru later this month to arrange for the assistance as well as to conduct a feasibility study for a large irrigation project in northern Peru.

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Gibraltar: Today is the deadline for the British to comply with the Gibraltar resolution adopted by the UN General Assembly last December. The resolution requested the UK "to terminate the colonial situation in Gibraltar," alleging that British control is incompatible with the purposes and principles of the UN Charter. London continues to maintain that Gibraltarians have exercised their right to self-determination, pointing to the September 1967 referendum in which the inhabitants overwhelmingly endorsed the British link. After today's deadline, Spain may be expected to condemn the UK in the UN, but

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